

PAUL BACA PROFESSIONAL COURT REPORTERS

**OIL CONSERVATION
DIVISION**

CASE #: 14289

EXHIBIT

5

500 4TH STREET NW - SUITE 105, ALBUQUERQUE, NM 87102

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 12, 2009

Richard Ezeanyim, Hearing Examiner
EMNRD-OCD
1220 S. St. Francis Drive,
Santa Fe, NM 87505

Hand-delivered

Re: **Case No. 14289**- *Application of Williams Production Co., LLC for Pre-approval of Downhole Commingling, San Juan and Rio Arriba Counties, New Mexico*

Dear Mr. Ezeanyim:

I am writing this letter regarding the *Application of Williams Production Co., LLC for Pre-Approval of Downhole Commingling in the Rosa Unit, San Juan and Rio Arriba Counties, New Mexico* (Case 14289), currently scheduled to be heard by an Oil Conservation Division Hearing Examiner on March 19, 2009. Williams' Application seeks pre-approval for down hole commingling of the Basin Mancos Pool with the Basin Dakota Pool and the Blanco Mesaverde Pools in wells drilled in the Rosa Federal Drilling Unit.

The Basin Mancos Gas Pool was created by Hearing Order R-12984 on September 3, 2008. This was done in order to facilitate the orderly drainage of gas resources in the Mancos Formation by making multiple completions easily accessible. It was the intent of NM OCD District 3 that the Basin Mancos be preapproved for down hole commingling along with the Blanco Mesaverde and Basin Dakota Pools.

Pre-approval for down hole commingling of the Basin Dakota and Blanco Mesaverde pools was granted by R-11363 in 2000. This has since been incorporated into the OCD rulebook (19.15.12.E NMAC 2008). The Mesaverde and Dakota formations bracket the Mancos Formation vertically and, in most cases, each will produce more gas than the Mancos Formation. In effect, the Mancos formation is "sandwiched" in between the Mesaverde and Dakota formations. Pressures for the Mancos formation will be similar to those of the two abutting formations. The OCD is aware of no scientific basis to prohibit the commingling of the Mancos with the Mesaverde and Dakota.

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BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No.14289 Exhibit No. 5

Submitted by:

Williams Production Co., LLC

Hearing Date: March 19, 2009

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Steve Hayden
OCD District III Geologist

CC:

Mikal Altomare, OCD Attorney

Ocean Munds-Dry, Counsel for Applicant Williams, via email omundsdry@hollandhart.com

